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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER
8- 53110

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/04 AND ENDING 12/31/04  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: IBG Trading, LLC

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

1111 Kane Concourse - Suite 418

Bay Harbor Islands Florida 33154  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Alessandro Pizzorni 786-433-0402

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Gerson, Preston, Robinson & Company, P.A.

(Name - if individual, state last, first, middle name)

666 Seventy-First Street Miami Beach, Florida 33141  
(Address) (City) (State) (Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 15 2005

THOMSON  
FINANCIAL

FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

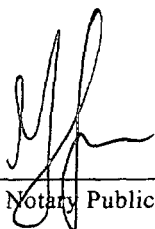
SEC 1410 (06-02)

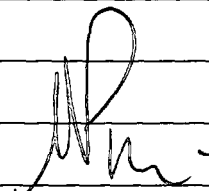
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5/11/05

## OATH OR AFFIRMATION

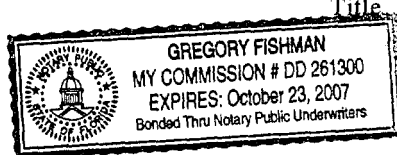
I, Alessandro Pizzorni, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of IBG Trading, LLC, as of December 31, 2004, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

  
\_\_\_\_\_  
Notary Public

  
\_\_\_\_\_  
Signature

\_\_\_\_\_  
President

\_\_\_\_\_  
Title



This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☒ (o) Independent Auditor's Report on Internal Control.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

*Financial Statements With Supplementary Information*

**IBG Trading, LLC**

*Year Ended December 31, 2004*



GARY R. GERSON, CPA  
 RICHARD C. PRESTON, CPA  
 JAMES P. ROBINSON, CPA  
 ALAN S. ROSEN, CPA  
 DONALD M. GERSON, CPA  
 DANIEL S. KUSHNER, CPA  
 STEVEN F. KLEIN, CPA  
 DOROTHY S. EISENBERG, CPA  
 ALAN A. LIPS, CPA

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 & Company, P.A.**  
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MEMBERS  
 AMERICAN INSTITUTE OF  
 CERTIFIED PUBLIC ACCOUNTANTS  
 FLORIDA INSTITUTE OF  
 CERTIFIED PUBLIC ACCOUNTANTS

Members  
 IBG Trading, LLC  
 Bay Harbor Island, Florida

**INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying statement of financial condition of IBG Trading, LLC (the "Company") as of December 31, 2004, and the related statements of operations, members' equity and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IBG Trading, LLC at December 31, 2004, and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the schedule titled "Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission" is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Gerson, Preston, Robinson & Co., P.A.*  
 CERTIFIED PUBLIC ACCOUNTANTS

February 8, 2005  
 Miami Beach, Florida

**IBG TRADING, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**At December 31, 2004**

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**ASSETS**

Cash	\$ 20,141
Deposits with clearing organizations	3,130,799
Furniture and equipment, less accumulated depreciation of \$112,845	70,108
Other assets	8,371
<b>Total assets</b>	<b>\$ 3,229,419</b>

**LIABILITIES AND MEMBERS' EQUITY**

**Liabilities**

Accounts payable, accrued expenses and other liabilities	\$ 12,323
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**Members' equity**

Members' capital contributions	4,376,520
Members' draws	(310,094)
Accumulated deficit	(849,330)

<b>Total members' equity</b>	<b>3,217,096</b>
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<b>Total liabilities and members' equity</b>	<b>\$ 3,229,419</b>
--	---------------------

*The notes which follow must be read for a more informed use, understanding and interpretation of this financial statement.*

**IBG TRADING, LLC**  
**STATEMENT OF OPERATIONS**  
**Year Ended December 31, 2004**

Income:

Commissions	\$ 53,885
Interest and dividends	36,484
<hr/>	
Total	90,369

Expenses:

Principal transactions	237,968
Employee compensation and benefits	328,995
Clearing costs	24,902
Communications and data processing	82,575
Interest and dividends	37,315
Occupancy	38,372
Other	107,067
<hr/>	
Total	857,194

Net loss	\$ (766,825)
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*The notes which follow must be read for a more informed use, understanding and interpretation of this financial statement.*

IBG TRADING, LLC  
STATEMENT OF MEMBERS' EQUITY  
Year Ended December 31, 2004

	Members' Capital	Members' Draws	(Accumulated Deficit)	Total
Balance, beginning of year	\$ 4,376,520	\$ (382,779)	\$ (82,505)	\$ 3,911,236
Replacement of members' draws	-	72,685	-	72,685
Net loss	-	-	(766,825)	(766,825)
<b>Balance, end of year</b>	<b>\$ 4,376,520</b>	<b>\$ (310,094)</b>	<b>\$ (849,330)</b>	<b>\$ 3,217,096</b>

*The notes which follow must be read for a more informed use, understanding and interpretation of this financial statement.*

**IBG TRADING, LLC**  
**STATEMENT OF CASH FLOWS**  
**Year Ended December 31, 2004**

**Operating activities**

Net loss	\$ (766,825)
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Adjustments to reconcile net loss to net cash outflow for operating activities:

Add:

Depreciation and amortization, which did not require cash	38,090
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Decrease in deposits with clearing organizations	668,780
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Total	706,870
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Deduct:

Decrease in accounts payable, accrued expenses and other liabilities	174
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Total	174
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<b>Net cash outflow for operating activities</b>	<b>60,129</b>
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**Financing activities**

Repayment of members' draws	72,685
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<b>Total cash inflow from financing activities</b>	<b>72,685</b>
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Net cash inflow for all activities	12,556
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Cash, beginning of year	7,585
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<b>Cash, end of year</b>	<b>\$ 20,141</b>
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*Supplemental disclosure of cash flow information:*

<b>Cash paid for interest</b>	<b>\$ 6,380</b>
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*The notes which follow must be read for a more informed use, understanding and interpretation of this financial statement.*



**1. ORGANIZATION AND NATURE OF BUSINESS**

IBG Trading, LLC, a Florida Limited Liability Company, (the "Company") is a broker dealer registered with the Securities and Exchange Commission (SEC) and is a member of the National Association of Securities Dealers (NASD). The Company clears all transactions on a fully disclosed basis through its clearing firm and does not hold customer funds or safe keep customer securities.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation.*** The financial statements are prepared in accordance with accounting principles generally accepted in the U.S. and prevailing industry practices, which require management to make estimates and assumptions regarding certain trading inventory valuations and other matters that affect the financial statements and related disclosures. Management believes that the estimates utilized in the preparation of the financial statements are prudent and reasonable. Actual results could differ materially from these estimates.

***Securities Transactions.*** Proprietary securities transactions in regular-way trades are recorded on the trade date as if they had settled. Profit and loss arising from all securities transactions entered into for the account and risk of the Company are recorded on a trade-date basis.

Marketable securities are valued at market value based on quoted market prices.

***Commissions.*** Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

***Furniture and Equipment.*** Furniture and equipment is carried at cost. Depreciation is computed using the straight-line basis over the related asset lives of five years.

***Income Taxes.*** The Company, as a limited liability company, is not subject to income taxes as an entity. Items of income, loss, deductions and credits are passed through directly to the members.

The Company's policy is to make distributions to its members in amounts sufficient to cover the Federal income tax liability attributable to the members' pro-rata shares of income, losses, deductions and credits. Interim distributions are shown as members' draws until the actual amount of the distribution is determined. Members will recontribute excess draws.

**3. FUTURES CONTRACTS**

The Company invests in futures contracts that are recorded at the underlying net equity value as deposits with clearing organizations. As of December 31, 2004, the net equity in these contracts was \$1,167,493. The fair value of the long contracts was \$4,236,875 and the fair value of the short contracts was \$7,611,930 as of December 31, 2004.

**4. COMMITMENTS**

The Company leases its office space under a rental agreement expiring March 31, 2005. Minimum future lease payments remaining as of December 31, 2004 were \$8,398. Rent expense for the year ended December 31, 2003 was \$33,592.

**5. PRINCIPAL TRANSACTIONS**

The Company's principal transactions represent realized and unrealized gains or losses during the year ended December 31, 2004 on marketable equity securities owned and sold, not yet purchased and futures.

The Company's principal transactions by reporting categories for the year ended December 31, 2004 are the following:

Marketable securities	\$ 7,951
Futures	<u>(245,919)</u>
Losses from principal transactions	<u><u>\$ (237,968)</u></u>

**6. CONCENTRATIONS OF CREDIT RISK**

The Company is engaged in various trading and brokerage activities in which counter-parties primarily include other broker dealers. In the event counter-parties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counter-party. It is the Company's policy to review, as necessary, the credit standing of each counter-party.

**IBG TRADING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

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**7. RELATED PARTY TRANSACTIONS**

Companies controlled by the members have furnished management services to the Company during the year ended 2004. No amounts have been charged for these services and the Company has not estimated the value of the services received.

**8. NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 and under the applicable rules, equity capital may not be withdrawn or cash distributions paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2004, the Company had net capital of \$170,421, which was \$70,421 in excess of the required net capital of \$100,000. The Company's net capital ratio was 0.0720 to 1.

**IBG TRADING, LLC**  
**COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**  
**At December 31, 2003**

**Net Capital**

Total members' equity		\$ 3,217,096
Deductions and/or charges		
Nonallowable assets:		
Furniture and equipment	\$ 70,108	
Other assets	8,371	
		<u>78,479</u>
Net capital before haircuts on securities positions (tentative net capital)		3,138,617
Haircuts on securities		
Trading and investment securities:		
Futures position	1,141,790	
Excess haircut	350,084	
Undue concentration	1,475,500	
		<u>2,967,374</u>
Net capital		<u>\$ 171,243</u>

**Aggregate Indebtedness**

Items included in statement of financial condition:	
Accounts payable, accrued expenses and other liabilities	<u>\$ 12,323</u>

**Computation of Net Capital Requirement**

Minimum net capital required, based on aggregate indebtedness	<u>\$ 821</u>
Minimum net capital required	<u>\$ 100,000</u>
Excess net capital	<u>\$ 71,243</u>
Excess net capital at 1,500 percent	<u>\$ 170,421</u>
Excess net capital at 1,000 percent	<u>\$ 170,011</u>
Ratio: Aggregate indebtedness to net capital	<u>0.0720 to 1</u>
Reconciliation with company's computation (included in Part II of Form X-17A-5 as of December 31, 2004)	
Net capital, as reported in Company's Part II (unaudited) FOCUS report	\$ 212,094
Difference in "haircut" amount	(40,851)
Net capital per above	<u>\$ 171,243</u>



**Gerson, Preston, Robinson  
& Company, P.A.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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## **Report on Internal Control Required by SEC Rule 17a-5**

### **Members IBG Trading, LLC**

In planning and performing our audit of the financial statements of IBG Trading, LLC (the "Company"), for the year ended December 31, 2004, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including tests of compliance with such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g), in the following:

- Making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11).

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objective. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America.

Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate. Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions, however, we noted no matters involving internal control that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2004, to meet the SEC's objectives.

This report is intended solely for the information and use of the Members, management, the SEC and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

  
CERTIFIED PUBLIC ACCOUNTANTS

February 8, 2005  
Miami Beach, Florida